

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2020 AND 2019

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.

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Skody Scot & Company, CPAs, P.C.

520 Eighth Avenue, Suite 2200, New York, NY 10018 • (T) 212-967-1100 • (F) 212-967-2002

www.skodyscot.com

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
47th Street Business Improvement District, Inc.

We have audited the accompanying financial statements of 47th Street Business Improvement District, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 47th Street Business Improvement District, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Skody Scot & Company, CPAs, P.C.

New York, NY
December 18, 2020

**47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 437,951	\$ 347,486
Program revenue receivable	40,222	38,172
Prepaid expenses	13,305	13,304
Property and equipment, net	4,410	6,091
Security deposit	330	330
	\$ 496,218	\$ 405,383
Total assets		

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 56,998	\$ 19,943
Total liabilities	56,998	19,943
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	439,220	385,440
With donor restrictions	-	-
	439,220	385,440
Total net assets		
Total liabilities and net assets	\$ 496,218	\$ 405,383

See accompanying notes to the financial statements.

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Support and Revenues:		
Without donor restrictions:		
Assessment revenue	\$ 900,000	\$ 900,000
Program service revenue	395,618	395,839
Publication revenue	40,095	38,600
Interest income	946	775
Total support and revenues	1,336,659	1,335,214
 Expenses:		
Program expenses:		
Sanitation and streetscape	129,360	96,030
Security	841,382	774,671
Promotion	168,983	144,516
Total program expenses	1,139,725	1,015,217
Management and general	143,154	83,796
Total expenses	1,282,879	1,099,013
 Increase/(Decrease) in Net Assets:		
Without donor restrictions	53,780	236,201
With donor restrictions	-	-
Increase/(decrease) in net assets	53,780	236,201
Net assets, beginning of year	385,440	149,239
Net assets, end of year	\$ 439,220	\$ 385,440

See accompanying notes to the financial statements.

**47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2020**

	Program Expenses			Total Program Expenses	Supporting	Total Expenses
	Sanitation & Streetscape	Security	Promotion		Management and General	
Salaries	\$ 14,650	\$ 14,650	\$ 65,925	\$ 95,225	\$ 51,275	\$ 146,500
Payroll taxes and benefits	1,912	1,912	8,604	12,428	6,694	19,122
Outside contractors	84,386	768,995	24,050	877,431	6,388	883,819
Depreciation	-	-	-	-	1,681	1,681
Design fees	-	-	10,825	10,825	-	10,825
Insurance	-	55,825	-	55,825	4,849	60,674
Office expenses	-	-	-	-	13,403	13,403
Postage & printing	-	-	37,260	37,260	560	37,820
Professional fees	-	-	-	-	47,197	47,197
Program expenses - other	-	-	5,834	5,834	-	5,834
Rent	-	-	-	-	8,496	8,496
Repairs and maintenance	25,403	-	-	25,403	-	25,403
Seasonal decorations	-	-	16,485	16,485	-	16,485
Telephone	-	-	-	-	2,611	2,611
Utilities	3,009	-	-	3,009	-	3,009
Total expenses	\$ 129,360	\$ 841,382	\$ 168,983	\$ 1,139,725	\$ 143,154	\$ 1,282,879

See accompanying notes to the financial statements.

**47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Expenses			Total Program Expenses	Supporting	Total Expenses
	Sanitation & Streetscape	Security	Promotion		Management and General	
Salaries	\$ 7,912	\$ 7,912	\$ 35,605	\$ 51,429	\$ 27,694	\$ 79,123
Payroll taxes and benefits	2,013	2,013	9,058	13,084	7,047	20,131
Outside contractors	67,251	706,166	34,575	807,992	6,515	814,507
Depreciation	-	-	-	-	843	843
Design fees	-	-	11,125	11,125	-	11,125
Insurance	-	58,580	-	58,580	5,128	63,708
Office expenses	-	-	-	-	10,339	10,339
Postage & printing	-	-	25,727	25,727	-	25,727
Professional fees	-	-	-	-	14,749	14,749
Program expenses - other	-	-	20,026	20,026	-	20,026
Rent	-	-	-	-	8,631	8,631
Repairs and maintenance	8,900	-	-	8,900	-	8,900
Seasonal decorations	-	-	8,400	8,400	-	8,400
Telephone	-	-	-	-	2,850	2,850
Utilities	9,954	-	-	9,954	-	9,954
Total expenses	\$ 96,030	\$ 774,671	\$ 144,516	\$ 1,015,217	\$ 83,796	\$ 1,099,013

See accompanying notes to the financial statements.

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 53,780	\$ 236,201
Adjustments for non-cash items included in operating activities:		
Depreciation	1,681	843
Changes in assets and liabilities:		
Accounts payable and accrued expenses	37,055	(20,889)
Program revenue receivable	(2,050)	26,586
Prepaid expenses	(1)	5,361
Net cash provided/(used) by operating activities	90,465	248,102
Cash flows from investing activities:		
Purchase of property & equipment	-	(6,934)
Net cash provided/(used) by investing activities	-	(6,934)
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	90,465	241,168
Cash and cash equivalents at beginning of year	347,486	106,318
Cash and cash equivalents at end of year	\$ 437,951	\$ 347,486

See accompanying notes to the financial statements.

**47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Organization

The 47th Street Business Improvement District, Inc. (Organization), a not-for-profit organization, was incorporated in the State of New York on May 6, 1997. The Organization primarily receives its support from a real estate special assessment levied by The City of New York (City) on properties located in the 47th Street Business Improvement District (BID). The BID's boundaries are approximately West 47th Street between Fifth and Sixth Avenues.

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements contain any uncertain tax positions.

The Organization's programs include the following: Sanitation and Streetscape - maintaining clean streets/curbs, removing garbage and graffiti, and improving the overall appearance of the district through a combination of projects including lighting and public fixtures; Security - providing increased public security through a combination of uniformed guards and a working relationship with the New York City Police Department; and Promotion - promoting the district to residents and tourists, retaining and developing prospective businesses, and publishing a monthly newsletter.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Change in Accounting Principle

In fiscal year 2020, the Organization adopted FASB ASU 2014-09 *Revenue from Contracts with Customers* using the full retrospective approach. Analysis of various provisions of the standards resulted in no significant changes in the way the Organization recognized revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash Equivalents

For the purposes of the statements of financial position and the statements of cash flows, the Organization considers as cash equivalents money market funds and all highly liquid resources, such as investments in certificates of deposits, with an original maturity of three months or less.

Receivables

Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All receivables are expected to be received within one year and as such have been stated at their net realizable value with no allowance for uncollectible receivables.

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Property and equipment are stated at cost, less accumulated depreciation. Depreciation of furniture and equipment is computed by the straight-line method over estimated useful lives ranging from three to ten years. Expenditures for repairs and maintenance are charged as an expense, and major renewals and betterments are capitalized.

Net Assets

Net assets, revenue, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This classification includes net assets designated by the board or management for a specified purpose.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature (endowment), where the donor stipulates that resources be maintained in perpetuity.

**47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The real estate assessment levied by the City is recorded by the Organization when earned. The City remits these assessments to the Organization in two installments. An allowance for doubtful accounts is not provided because all assessments are received in the current year. Assessment billing adjustments are corrected in the next billing cycle.

Program service revenue and publication revenue relate to fees received in exchange for program services. Revenue is recognized when the service is provided. Any revenue received which has not been earned is recorded as deferred revenue.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related expenses based on estimated time and effort. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Bank deposits and cash	\$ 237,655	\$ 146,368
Money market funds	<u>200,296</u>	<u>201,118</u>
	<u>\$ 437,951</u>	<u>\$ 347,486</u>

Note 3 - Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 107,164	\$ 107,164
Furniture and fixtures	<u>6,450</u>	<u>6,450</u>
	113,614	113,614
Less: Accumulated depreciation	<u>(109,204)</u>	<u>(107,523)</u>
	<u>\$ 4,410</u>	<u>\$ 6,091</u>

**47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 4 - Revenue from Contracts with Customers

All of the revenue derived from contracts with customers during fiscal years 2020 and 2019 was fully earned in the same annual reporting period. Detail of revenue from contracts with customers during the years ended June 30, 2020 and 2019, is as follows:

	2020	2019
Publication revenue	\$ 40,095	\$ 38,600
Supplemental security services	395,618	393,339

Note 5 - Pension Plan

The Organization adopted a qualified deferred compensation plan under section 401(k) of the Internal Revenue Code. This plan allows for the Organization to make non-elective contributions of up to 4.5% of the participant's salary. During the years ended June 30, 2020 and 2019, the Organization made plan contributions of \$0 and \$92, respectively. The plan has been inactive since July 2018.

Note 6 - Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets, as of June 30, 2020 and 2019, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 437,951	\$ 347,486
Receivables	40,222	38,172
Total financial assets	478,173	385,658
Less those unavailable for general expenditures within one year	(-)	(-)
Financial assets available to meet cash needs for general expenditures within one year	\$ 478,173	\$ 385,658

**47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 7 - Concentrations

The Organization maintains its checking, savings, and money market accounts with major financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. At times, the balance of the accounts may have exceeded the insurance limits during the years ended June 30, 2020 and 2019.

Note 8 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through December 18, 2020, which is the date the financial statements were available to be issued.



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520 Eighth Avenue, Suite 2200, New York, NY 10018 • (T) 212-967-1100 • (F) 212-967-2002
www.skodyscot.com

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To: The Board of Directors of
47th Street Business Improvement District, Inc.

We have audited the financial statements of 47th Street Business Improvement District, Inc. as of and for the years ended June 30, 2020 and 2019, and have issued our report thereon dated December 18, 2020, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses and budget is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

New York, NY
December 18, 2020

Skody Scot & Company, CPAs, PC

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2020

	<u>Total Expenses</u>	<u>Budget</u>
Salaries	\$ 146,500	\$ 160,000
Payroll taxes and benefits	19,122	29,000
Outside contractors	883,819	902,000
Depreciation	1,681	-
Design fees	10,825	18,000
Insurance	60,674	65,000
Office expenses	13,403	10,950
Postage & printing	37,820	28,000
Professional fees	47,197	12,500
Program expenses - other	5,834	51,626
Rent	8,496	2,000
Repairs and maintenance	25,403	50,000
Seasonal decorations	16,485	14,000
Telephone	2,611	3,000
Utilities	3,009	9,000
Total expenses	<u>\$ 1,282,879</u>	<u>\$ 1,355,076</u>